

# MONTANA

*Department of Commerce*

## MONTANA BOARD OF HOUSING

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## MONTANA BOARD OF HOUSING

Crow Tribal Housing Authority  
1 Circle Lane, Crow Agency MT 59050  
May 5, 2008

### ROLL CALL OF BOARD

MEMBERS: J.P. Crowley, Chairman (Present)  
Betsy Scanlin, Vice Chairman (Present)  
Susan Moyer, Secretary (Present)  
Audrey Black Eagle (Present)  
Bob Gauthier (Present)  
Jeanette McKee (Present)  
Jeff Rupp (Present)

STAFF: Bruce Brensdal, Executive Director  
Mat Rude, Multifamily Program Manager  
Nancy Leifer, Homeownership Program Manager  
Penny Cope, Marketing & Web Specialist  
Paula Loving, Administrative Assistant

COUNSEL: Pat Melby, Luxan and Murfitt

UNDERWRITERS: Gordon Hoven, Piper Jaffray

OTHERS: Carl Venne, Crow Tribe Chairman  
Cedric Black Eagle, Crow Tribe Vice-Chairman  
Ken Depuree, Crow Tribe Construction Development  
Bryon Bends, AMPO (Apsaalooke Meth Project Office)  
Lisa Daychild, AMPO (Apsaalooke Meth Project Office)  
Michael C Stewart, ANHA (Apsaalooke Nation Housing Authority)  
Dexter Falls Down, ANHA (Apsaalooke Nation Housing Authority)  
Corinne L Watson, Little Horn State Bank  
Holly Higgins, Little Horn State Bank  
Larry Falls Down, ANHA (Apsaalooke Nation Housing Authority)

### CALL MEETING TO ORDER

Chairman, J. P. Crowley, called the meeting to order at 8:30 a.m. He introduced Paula Loving as Diana Hall's replacement. He asked the Board, staff, and guests to introduce themselves. Audrey Black Eagle introduced Carl Venne, Crow Tribe Chairman, and Cedric Black Eagle, Crow Tribe Vice-Chairman. J.P. presented gifts to Carl on behalf of the Montana Board of Housing (MBOH).

Carl Venne spoke about the concerns regarding individuals receiving tribal grants for down payments for homeownership but not being approved by local banks. According to HUD, the 184 program can cover the entire State of Montana. They work with the Housing Authority and with this program they should be accelerating homeownership, but in order to do so, MBOH's help will be needed. Nancy Leifer explained that MBOH has a program designed to go with the HUD 184. MBOH has a set-aside of first mortgage funds for HUD 184 loans with an interest rate of 5.5%. In addition, MBOH pays the lender fees which helps reduce the amount of cash needed to close the loan. There is currently funding available for this program.

Carl Venne extended an invitation to MBOH for June 27, 2008 to honor all the veterans, which the tribe calls "Warriors of these United States." Invitations will be sent to all the Montana families who have lost loved ones in Afghanistan and Iraq. The Governor and Senators Baucus and Tester will be in attendance.

Dexter Falls Down of Apsaalooke Nation Housing Authority gave a little history and provided a printout "Crow Home Ownership Program" reflecting their success in completing their 39<sup>th</sup> new home ownership grant to Crow families. In 2005, the Authority issued four grants. Many families were unable to qualify due to the strict HUD guidelines. In 2006, they applied for the Section 184, which opened the funds to the entire State of Montana. In 2006, they completed 12 grants, and Chairman Venne allocated funds for families who did not meet the HUD guidelines. In 2007, they completed 17 grants and 2008 year to date, they have completed six. They currently offer two different programs: HUD funds for those individuals who meet guidelines and want to build on the reservation; and funds for those who are over-income and wish to live off the reservation.

Carl Venne gave insight as to the general housing. He stated there are not enough homes. There are very few homeless because families take each other in. He feels the reservation could use 2,000 homes today.

Audrey gave a breakdown of the actual numbers for the Crow Tribe: 11,000 enrolled tribal members and approximately 6,500 live on the Crow reservation. Of that number, the Housing Authority has fewer than 600 homes through HUD programs and of that number, 183 are low rent units. Homes that are purchased that are not considered to be HUD homes are approximately 400.

## **APPROVAL OF MINUTES**

Bob Gauthier moved to approve the April 6 & 7<sup>th</sup> Board meeting minutes. Susan Moyer seconded the motion. The Chairman asked for comments. The motion passed unanimously.

## **HOMEOWNERSHIP PROGRAM**

Nancy provided a Moody's Chart showing the Delinquencies and Foreclosure rates for Mortgage Revenue Bond Single Family programs across the country. Montana is the fourth lowest.

Nancy provided the 30 Year Treasury Bond/Single Family 30 Year Issuance comparison chart. She pointed out that, up until August of 2007, the Treasury Bond was mostly in sync with our bond rate. After August 2007, the rates begin to separate and with 30-year mortgage bonds at

5.75% where the Treasury Bonds are much lower. This chart reflects the reason the MBOH is not issuing new Bonds. MBOH would have to offer a mortgage interest rate of nearly 7% to cover all of its costs; with market mortgage rates at about 6%, MBOH loans would not be competitive.

Nancy provided an S & P handout showing the percentage over 100% of loan loss coverage needed for each of the types of loans in MBOH portfolio. The chart reflected data from 2005 and the current 2008 data. The amount of loan loss reserves now required by S & P for MBOH to retain its current rating has increased significantly for all loan types except Rural Development, which fell slightly.

Nancy provided an updated report showing the loan applications that have come in since MBOH shifted to using recycled bond funds. MBOH had 25 loans come in worth approx. \$3.2 million. MBOH is now using a waiting list system rather than having lenders reserve loans directly using Lender on Line. All of these loans have been converted from the waiting list to confirmed reservations and we currently do not have any on the waiting list.

A Homeownership update was given by Nancy. The actual application information for HUD Housing Counseling grant for the coming year was scheduled to be released on May 1, 2008, but has not been released. Nancy indicated the staff intends to use the same type of program used last year where the Board had committed \$260,000 up front and work with MHN and our housing counseling partners from around the State with those funds as matching funds to use with their own HUD applications. Bruce gave the history of the Board's approval in past for the application.

Administrative Rule changes were brought forth by Nancy for approval by Board. These are amendments to the Administrative rules on the approval of originating and servicing lenders to work with MBOH loans. The hearing and comment period resulted in several comments which were incorporated into the record along with MBOH's response to the comments. Final approval of the document by the Board finishes the process, and will allow the rules with the adopted amendments to be posted on the state's official website. Jeanette McKee moved for approval of the Administrative Rules. Susan Moyer seconded. Administrative Rules were approved unanimously.

Nancy explained that MBOH was having issues with GMAC and their current process of interim servicing of all their loans until they are actually purchased. GMAC made the decision to do interim servicing without any consultation with MBOH. They now realize it was a mistake and they will not be interim servicing any of their loans in the future. Secondly, GMAC is installing all new software for loan originations such that no branch in Montana will be originating any new loans for a number of months. Due to these reasons, Nancy requested to the Board to suspend GMAC, instead of termination, as an approved lender with MBOH. The difference between suspension and termination was clarified and the Board still retains the authority to terminate at a later date if there is failure to comply. Betsy Scanlin moved to approve the suspension of GMAC until the January 2009 Board meeting when compliance is reviewed. Bob Gauthier seconded. Board approved the suspension of GMAC. Jeff Rupp did not support this approval, stating termination should be enforced.

Nancy provided a summary of the underwriting criteria for the various sources of mortgage insurance that MBOH currently allows. The summary shows that all private mortgage providers

in the general market have all pulled back and are only doing loans at 95% Loan to Value (LTV) or less. Genworth has allowed state housing financing agencies to continue to offer 97% LTV loans provided they meet requirements. The Board discussed the perception of Montana's declining market and how MBOH's current process secures the liability of declining market values. The Board requested a report that shows the exposure that MBOH portfolio has which would be sensitive to downturns in the market statewide.

Nancy received notification that Fannie Mae will extend the proposed *Mortgage-Backed Security Program* through 2009. There haven't been any communications regarding the parameters for the fees, which indicates that the final fees in the proposed agreement probably haven't changed from the most recent draft. Nancy reviewed staff's final recommendations for PMI and Rural Development Loan Fees and Payments to originators and borrowers under Fannie Mae Mortgage Backed Program. Bob Gauthier moved to implement the Mortgage-Backed Security Program with the flexibility for the staff to issue starting June 1, 2008 or next new bond issue for RD and PMI loans. Audrey Black Eagle seconded the motion. The Chairman asked for comments. The motion passed unanimously.

Nancy reviewed the parameters for the sources of funds used for special set-aside programs, and reported that the Set-aside program currently has commitments as follows; \$21,203,938 of primarily Pre-Ullman funds; \$2,570,790 of Special Reserve; \$706,705 of Bond Debt Reserves; and \$925,115 of zero interest mortgage funds from recent bond issues.

### **MULTIFAMILY PROGRAM**

A copy of Travois, Inc.'s letter to Governor Brian Schweitzer was presented to the Board. The Board showed its support to the Staff and MBOH.

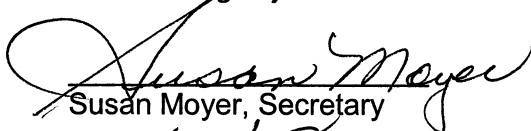
\$16,550 in Tax Credits are left for a second round and the Board was told one application was received but because it was not on the agenda it will be reviewed at the June 2<sup>nd</sup> meeting in Pablo. It is the Makoshika Estates project in Glendive.

Mat Rude gave an update on the Reverse Annuity Mortgage (RAM) Program. The program currently has enough committed funds to finance the current loans without an infusion of additional cash if payoffs are received as in the past. There are currently nine new loans waiting for funding. The Board committed to the RAM Program and requested recommendations on RAM Program parameters for funding. There will be no more new loans until parameters are set. Staff will bring recommendations to the next Board meeting.

### **EXECUTIVE DIRECTOR**

Bruce updated the Board on various issues and reminded them the next Board meeting is June 2, 2008 in Pablo.

The meeting adjourned at 11:55 a.m.

  
Susan Moyer, Secretary

6/2/08  
Date